

Message Text

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TAGS: ENRG, ETRD, UR, US

SUBJ: NEFTEGAZ, A TEN DAY EXHIBITION OF U.S.

OIL AND GAS TECHNOLOGY, AN OUTSTANDING
SUCCESS IN MOSCOW

1. SUMMARY: AGAINST BACKGROUND OF GROWING ENERGY CRISES
IN BOTH U.S. AND USSR AND PLANNED JOINT U.S. -
SOVIET EXPLORATION OF ENERGY RESOURCES IN SIBERIA, A UNIQUE
TEN-DAY EXHIBIT OF U.S. OIL AND GAS EQUIPMENT AND TECHNOLOGY
HAS BEEN A BIG SUCCESS IN MOSCOW. REPRESENTING NEARLY 200
U.S. FIRMS (MORE THAN 1,500 U.S. BUSINESSMEN PRESENT),
EXHIBIT WAS VISITED BY MORE THAN 70,000 PEOPLE, MAINLY
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A SPECIALIZED AUDIENCE OF GOVERNMENT OFFICIALS,

ENGINEERS AND TECHNICIANS FROM ENERGY, CONSTRUCTION, AND TRANSPORT MINISTRIES. APPRAISAL OF EXHIBIT BY U.S. SOURCES HAS BEEN HIGHLY FAVORABLE. ALTHOUGH TOO EARLY TO DETERMINE ACTUAL OUTCOME IN SALES, POSSIBLE CONTRACTS UNDER DISCUSSION EXCEED DOLS 400 MILLION. END SUMMARY.

2. FIRST EXHIBITION SPECIALIZING ONLY IN U.S. OIL GAS TECHNOLOGY EVER TO BE STAGED IN MOSCOW'S SOKOLNIKI PARK ENDED OCT 31. DECORATED WITH U.S. AND SOVIET FLAGS AND EXTENDING OVER 40,000 SQUARE FEET OF RED-CARPETED FLOORSPEACE IN MAIN BUILDING IN SOKOLNIKI PARK, "NEFTEGAZ 73" HAS BEEN ACCLAIMED AN OUTSTANDING SUCCESS BY BOTH U.S. BUSINESSMEN AND SOVIET OFFICIALS.

3. TIMED AGAINST A BACKGROUND OF GROWING ENERGY CRISES IN BOTH THE USSR AND THE UNITED STATES, ACTIVE U.S. -SOVIET CONSIDERATION OF JOINT DEVELOPMENT OF HUGE NATURAL GAS AND OIL DEPOSITS IN SIBERIA, AND INDICATIONS THAT MIDDLE EAST BECOMING LESS DEPENDABLE AS FUEL SOURCE FOR WESTERN COUNTRIES, THE EXHIBITION REFLECTED THE ONWARD MOMENTUM OF IMPROVING U.S. - SOVIET ECONOMIC RELATIONS WHICH HAS BEEN UNDERWAY SINCE 1972.

4. A TOTAL OF 189 U.S. FIRMS, REPRESENTED BY ABOUT 1,500 U.S. BUSINESSMEN, TOOK PART IN THE EXHIBITION. THEY DISPLAYED AN IMPRESSIVE RANGE OF THE LATEST U.S. EQUIPMENT AND TECHNOLOGY FOR THE OIL AND GAS INDUSTRY, FROM EXPLORATION THROUGH TRANSPORT AND STORAGE. AMONG CATEGORIES COVERED WERE PIPELINE CONSTRUCTION, DRILLING (INCLUDING OFFSHORE OPERATIONS AND SPECIAL EQUIPMENT FOR PERMAFROST), SPECIALIZED BITS, NATURAL GAS LIQUEFACTION SYSTEMS, PRECISION MEASUREMENT AND ANALYSIS, SUBMERSIBLE PUMPS, REFINING, COMPUTER APPLICATIONS AND HEAVY CONSTRUCTION EQUIPMENT. ALL IDENTIFICATION SIGNS, MOTION PICTURES SOUND TRACKS AND LITERATURE WERE IN RUSSIAN.

5. AS OF LATE AFTERNOON OCT 31 ATTENDANCE HAD EXCEEDED 70,000, MORE THAN DOUBLE ORIGINAL EXPECTATION OF ABOUT 30,000. MOREOVER, THIS ATTENDANCE WAS NOT GENERAL PUBLIC BUT A UNCLASSIFIED

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SPECIALIZED AUDIENCE OF OFFICIALS, ENGINEERS, AND TECHNICIANS FROM ENERGY, CONSTRUCTION AND TRANSPORT INDUSTRIES, IN ADDITION TO SPECIALISTS FROM STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, GOSPLAN AND MINISTRY OF FOREIGN TRADE. EXHIBITION WAS OPENED OCT 21 BY DEPUTY MINISTER OF OIL INDUSTRY TAKOYEV, CHAMBER OF COMMERCE PRESIDENT BORISOV AND U.S. CHARGE, WHO READ A WELCOMING MESSAGE FROM PRESIDENT NIXON. JOINED BY OIL INDUSTRY MINISTER SHASHIN,

PARTY OPENING EXHIBITION THEN PROCEEDED ON OFFICIAL TOUR OF EXHIBITION. OTHER HIGH LEVEL MINISTERIAL VISITORS INCLUDED GOSPLAN CHAIRMAN BAYBAKOV, FOREIGN TRADE MINISTER PATOLICHEV, AND, ON OCT 25, A LARGE DELEGATION REPRESENTING COMECON COUNTRIES.

6. SOVIET ATTENDANCE AT SPECIAL RECEPTIONS GIVEN IN CONNECTION WITH EXHIBITION WAS ALSO UNUSUALLY HIGH. RECEPTION AT SPASO HOUSE GIVEN BY CHARGE OCT 25 AND FINANCED BY NEFTEGAZ MANAGEMENT ATTENDED BY ABOUT 350, INCLUDING LARGE NUMBER OF SOVIET OFFICIALS FROM SUCH MINISTRIES AS PETROLEUM MINISTRY, GAS INDUSTRY, GEOLOGY, CONSTRUCTION OF OIL AND GAS INDUSTRY ENTERPRISES, PETROLEUM REFINING AND PETROCHEMICAL INDUSTRY, STATE MATERIAL RESERVES, HEAVY POWER AND TRANSPORT MACHINE BUILDING, OTHERS. LARGE PERCENTAGE OF THESE HAD NEVER ATTENDED ANY U.S. FUNCTION IN MOSCOW BEFORE. RECEPTION GIVEN BY PETROLEUM INDUSTRY MINISTER SHASHIN OCT 28 WAS ATTENDED BY ABOUT 700 INCLUDING REPRESENTATIVES OF U.S. FIRMS EXHIBITING.

7. APPRAISAL OF THE EXHIBITION BY U.S. BUSINESSMEN WITH WHOM EMBASSY HAS BEEN IN CONTACT HAS BEEN UNANIMOUSLY FAVORABLE AND ENTHUSIASTIC. EXHIBITORS HAVE BEEN PARTICULARLY IMPRESSED BY INTENSE SOVIET INTEREST AND INTELLIGENT, DETAILED, HIGHLY TECHNICAL QUESTIONS ASKED BY SOVIET VISITORS.

8. BECAUSE OF COMPLEX AND TIME CONSUMING SOVIET SYSTEM OF DOING BUSINESS, AND PARTICULARLY PURCHASE OF FOREIGN EQUIPMENT, IT IS FAR TOO EARLY TO VENTURE ANY ESTIMATE OF SHOW'S SUCCESS IN TERMS OF ACTUAL SALES. THERE ARE, HOWEVER, A NUMBER OF FAVORABLE INDICATIONS. IN ADDITION TO FURTHER PROMOTION OF STRONG SOVIET INTEREST AND UNCLASSIFIED

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ADMIRATION FOR U.S. TECHNOLOGY MENTIONED ABOVE, SEVERAL COMPANIES HAVE RECEIVED FIRM REQUESTS FOR PREPARATION OF DETAILED PROJECT AND COST ESTIMATES AND SUBSEQUENT MEETINGS EITHER IN MOSCOW OR IN THE U.S. EMBASSY HAS ALSO BEEN INFORMED BY U.S. BANKING SOURCES OF STRONG INTEREST BY ONE SOVIET MINISTRY IN PURCHASE OF ABOUT DOLS 200 MILLION IN PRECISION VALVES AND FLOW CONTROL EQUIPMENT FOR OIL AND GAS PIPELINES; AND A U.S. FIRM HAS REPORTED ENCOURAGING FURTHER PROGRESS ON NEGOTIATIONS (ALREADY UNDER WAY FOR MORE THAN ONE YEAR) ON POSSIBLE SALE OF DOLS 200 MILLION OIL REFINERY TO BE CONSTRUCTED IN SIBERIA.
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